ON YOUR LETTERHEAD

PLEASE VETO SECTIONS OF SUBSITUTE HOUSE BILL 45 RELATED TO LOW-INCOME HOUSING TAX CREDIT PROPERTY; HISTORICAL REHABILITATION TAX CREDIT ELIGIBILITY

Governor Mike DeWine

Riffe Center

77 South High Street, 30th Floor

Columbus, Ohio 43215

Dear Governor DeWine:

We write to you today asking you to VETO the sections of Substitute House Bill 45 related to Low-Income Housing Tax Credit property and historical rehabilitation tax credit eligibility for the following reasons:

1. These unvetted provisions that have not had any committee hearings will put Ohio’s affordable and workforce housing properties under dire financial risk and dramatically reduce the availability of new housing, exacerbating what was already a severe shortage of affordable and workforce housing.
2. Similar assaults on the valuation of affordable housings (during the past three legislative sessions) lacked any meaningful support and failed to get out of committee with nearly 350 organizations signing on to an opposition letter with a corresponding flood of testimony with only two groups providing proponent testimony.
3. The Federally Subsidized Housing Study Committee concluded its tax valuation work in July 2022, and the language in Substitute House Bill 45 contradicts a recent compromise between the Ohio Housing Council and the County Auditors Association of Ohio to value these properties utilizing a standardized method based on actual income.
4. Provision requiring director to rescind State Historic Credits for buildings actively under construction (where State Credits had already been awarded) is an unfair business practice placing lenders and developers at risk of significant financial loss, making Ohio a hostile environment for lenders and owners while we are in desperate need of affordable and workforce housing.

**For these reasons, we ask that you please veto the sections of Substitute House Bill 45 impacting R.C. 149.311 and 5713.03**

[ONE OR TWO PARAGRAPHS ABOUT YOUR ORGANIZATION AND ITS INVOVLEMENT IN AFFORDABLE HOUSING]

Governor DeWine, we thank you in advance for exercising your VETO powers to remove this damaging language from the Omnibus Bill (HB 45).

Sincerely,

NAME

TITLE

**BACKGROUND ON REAL ESTATE VALUATION FOR AFFORDABLE HOUSING**

Critically needed affordable and workforce housing has been under assault in Ohio for several years as result of multiple (failed) legislative efforts to do irreparable harm to housing serving Ohio’s most vulnerable populations.

Senate Bill 336 (132nd General Assembly) and Senate Bill 36 (133rd General Assembly) would have resulted in valuing affordable housing properties (with suppressed rents as result of their participation in federal housing programs) as if they were market rate properties. This legislation would have resulted in valuations far exceeding the ‘true value’ of the real estate, as this legislation would fail to account for the Deed Restrictions that reduce rents these properties are able to charge (by virtue of being part of a federally supported housing program). Neither of these Bills received any meaningful support (with only two proponents) and these legislative efforts failed to move beyond Committee facing broad opposition from nearly 350 organizations across Ohio.

Having no political support for SB 336 / SB 36, there was a last-minute effort to introduce language in the 2021 biennial budget (HB 110) that would have resulted in effectuating SB 36 (without hearings or vetting). This legislative effort failed as well as result of overwhelming opposition, resulting in substitute language in HB 110 causing the creation of the Federally Subsidized Housing Study Committee charged with studying this matter, with a final report due July 1, 2022.

While the Study Committee was engaged in its work, the Ohio Housing Council (OHC) was involved in direct negotiations with the County Auditors Association of Ohio (CAAO), as OHC and CAAO share significant common ground and a desire to reduce the number of real estate tax appeals. The result of this work was a joint statement whereby OHC and CAAO agreed that the Income Approach methodology should be required, and that certain procedures should be developed to enable the efficient flow of information between owners of affordable housing and County Auditors. This joint statement was agreed upon in July of 2022.

On Tuesday, December 13th, a provision to the Omnibus Bill within HB 45 again introduced language that would have a tremendously negative impact on affordable and workforce housing resulting in inappropriate valuations (inconsistent with requirements of the Ohio Constitution). The newly introduced language failed to consider the joint agreement between OHC and CAAO, and would have a devastating impact on Ohio’s affordable and workforce housing resulting in grossly overstated values of this housing, failing to account for its Deed Restrictions.

Additionally, a new provision within Substitute House Bill 45 (not previously seen) would allow for State Historic Credits to be rescinded at properties that are actively under construction that have been awarded this Credit. Disrupting the capital stack for properties that are actively under construction is an inherently unfair business practice and would have tremendously detrimental impact on Ohio’s reputation. Ohio is in dire need of affordable and workforce housing. The housing-related provisions found in Substitute HB 45 are damaging to Ohio’s efforts to secure affordable and workforce housing and are contrary to Ohio’s best interests.